

Northeast TENNESSEE

REGIONAL STRATEGIC PLAN



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Northeast Tennessee.



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*Carter, Greene, Hancock, Hawkins
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EXECUTIVE SUMMARY

Gov. Bill Haslam's top priority is making Tennessee the No. 1 location in the Southeast for high-quality jobs. In April 2011, Governor Haslam released his Jobs4TN plan, which laid out four key strategies for achieving this ambitious goal. The four strategies are (1) prioritizing business development efforts in six key clusters in which the state has a competitive advantage; (2) reducing business regulation; (3) investing in innovation; and (4) establishing regional jobs base camps in each of nine regions across the state. One of those nine regions is Northeast Tennessee.

Over the past 120 days, ECD's regional staff in Northeast Tennessee has collected information regarding economic development priorities throughout the region. By utilizing current countywide strategic plans as well as priorities provided by local economic developers, a regional priority list was developed.

The goal of this plan is to identify strategic priorities and put into place an actionable plan for regional ECD staff to assist stakeholders in Northeast Tennessee in guiding the region toward further economic development success. This plan is a living document, and ECD regional staff will continue to assess it with local elected officials, local economic developers and other regional stakeholders.

Northeast Tennessee includes eight counties: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington. Northeast Tennessee is entirely located within the Appalachian Mountains, although the landforms range from densely forested 6,000-foot (1,800 m) mountains to broad river valleys.

The eight counties in Northeast Tennessee encompass 2,896 square miles. In 2010, the U.S. Census Bureau estimated the population of the region at 506,266 people. The region has several transporta-

tion amenities. There are two major interstates, I-81 and I-26, that intersect the region and also four major airline carriers that service the Tri-Cities Regional Airport, which provides non-stop service to seven cities in the United States. With a strong workforce, low cost of living, property that is ripe for development, and a regional focus that takes pride in maintaining a positive image for all who visit, Northeast Tennessee is one of the nation's best regions to live, work and play.

As Governor Haslam's Jobs4TN plan rolled out into the region, it became evident there were four key strategies that needed to be included in the region's strategic plan: recruitment, existing business outreach, innovation and workforce development.

The region's recruitment efforts will focus on six sectors in which the region has a competitive advantage: automotive; business services; chemical products and

plastics; healthcare; transportation, logistics and distribution services; and advanced manufacturing and energy technologies. ECD's regional staff and its regional and local economic development partners will work together to market the region to both site selection consultants and corporate leaders in these target sectors.

Recognizing that over 86% of the new jobs in Tennessee are created by existing industries, the region will also focus on developing an existing business outreach program to provide value-added services to existing companies and identify challenges that are affecting businesses within the region. This outreach effort will allow ECD's regional staff and local economic developers to connect with business owners, plant managers and local economic development partners to assess needs for expansion, training and retention assistance.

The enhancement of the innovation ecosystem in the Northeast Tennessee region will also be a key priority. Led by the ECD-funded regional accelerator, the region's innovation efforts will focus on supporting entrepreneurs in the region and helping bring new technologies to market. This effort will benefit significantly from the presence of East Tennessee State University, as well as companies like Eastman Chemical who have significant innovation assets and alumni who could serve as mentors to entrepreneurs.

The region will also focus on creating a mechanism for local businesses and industry to communicate employment needs throughout the region. This will be a two-way mechanism by which existing businesses can help higher education institutions and workforce development partners understand employers' needs and by which training partners can inform companies about the services they can provide.

REGIONAL OVERVIEW

The Northeast Tennessee region is an eight-county area encompassing 2,896 square miles. Two major interstates, I-81 and I-26, intersect the region. With four major airlines and non-stop service to seven cities, Tri-Cities Regional Airport provides air service to the region. Foreign Trade Zone #204 (US Customs Port #2027) is located at the Tri-Cities Regional Airport. The local customs officials can process and clear foreign shipments anywhere within the Northeast Tennessee region.

A diversified manufacturing economy is the economic foundation of Northeast Tennessee. The region is home to a Fortune 500 corporate headquarters, Tennessee's top manufacturing employer and two of Tennessee's top 10 employers. The top five employers in the region represent the region's diverse economy and include chemical, call center, automotive, alternative energy and advanced manufacturing companies.

Workforce development is a high priority in Northeast Tennessee. New programs in K-12 education emphasize science and math and strive to improve test scores in all subjects. The region's Technology Centers provide training in vocational and manufacturing skills on campus or at employer's sites to prepare graduates for specific entry-level employment. The presence of five four-year colleges and two community colleges provide many opportunities for continuing education and advanced degrees. In addition, the region is home to the Regional Center for Advanced Manufacturing (RCAM), which provides advanced manufacturing technology training programs through a partnership between the Tennessee Department of Economic and Community Development, the U.S. Department of Labor, Northeast State Community College and Eastman Chemical Company.

The eight counties that compose the Northeast Tennessee region are:

Carter County: Carter County is home to industries such as Snap-on Tools, STL, Temple-Inland and Star Building Systems. As of 2010, Carter County's population was 57,424. With a ready workforce, close proximity to I-26 and I-81, Carter County is well positioned for business recruitment. The county has several sites and buildings currently available for development.

Hancock County: Hancock County is a rural community located in Central Appalachia off Highway 33. The community

has accessibility to U.S. Highway 25E leading to Interstates 81, 40, 26 and 75 and is a one-day drive from 75% of the U.S. population.

Greene County: Established in 1993, the Greene County Partnership has proven to be a highly effective organization for building community consensus and has become a model for other communities wanting to form similar organizations across the country. The community boasts a strong work ethic and labor availability. Greene County is home to DTR Tennessee, John Deere Power Products and Landair Distribution Services. Green-field and shovel-ready sites are readily available in the county.

Hawkins County: Hawkins County has a population of 56,800, and its county seat, Rogersville, is the second oldest city in Tennessee. The county boasts large capacity utility infrastructure as well as significant amounts of publicly owned land. The county's transportation and skilled workforce are key components in attracting industry.

Johnson County: With a population of 18,244, Johnson County is the most eastern county in Tennessee and is a USDA Rural Development designated "Champion Community." The county is a tourism destination for those interested in exploring the outdoors. Johnson County's top 10 industries range from automotive to textile and, with employees numbering 520, Danny Herman Trucking is Johnson County's largest employer.

Sullivan County: Sullivan County has a strong and diverse manufacturing base. Eastman Chemical Company, headquartered in Kingsport, is the region's largest industrial employer (10,000 employees) and provides the region with an abundance of engineering and technology resources. The county has a large inventory of publicly owned business and industrial parks (500 acres) with an abundance of reliable power, a strong data network (1GB) and extensive industrial support services. Education and workforce training are a priority in Sullivan County. Sullivan County includes the City of Bristol, which is home to the Bristol Motor Speedway, a key tourism draw for the region.

Unicoi County: A mixed industrial and tourism county, Unicoi County serves as a tourism destination for those interested in nature's beauty. With a diverse workforce, immediate access to rail and interstate, and an abundant water supply, Unicoi County

has the workforce and infrastructure to support new and existing business and industry. The county is home to Nuclear Fuel Services.

Washington County: Washington County is home to Johnson City, a regional educational, medical and commercial center. The county's healthcare sector is the one of the largest in Northeast Tennessee. Washington County is also home to East Tennessee State University and the Innovation Lab and has a strong transportation network including Tri-Cities Airport, two rail systems and two interstates. The area's skilled workforce availability is a major competitive advantage in attracting new business and industry.

NORTHEAST TENNESSEE *AT A GLANCE*

	Population 2010	Median Age 2005-2009	HS Graduate or Higher % Population aged 25+	Bachelor's or Higher % Population aged 25+	Labor Force (Oct. 2011)	Available Labor (Oct. 2011)	Unemployment Rate (Oct. 2011)	Average Private Sector Annual Income (2010)	Nearest Public Riverport (in miles from county seat)	Nearest Commercial Airport (in miles from county seat)	Nearest Interstate (in miles from county seat)
NORTHEAST TN	506,266	40.8	79.2%	18.2%	246,110	22,400	8.2%	\$36,149	Knoxville	Tri-Cities Regional Airport	I-26 and I-81
Carter	57,424	40.1	76.2%	13.8%	29,670	2,750	8.4%	\$28,032	Knoxville - 115 miles	Tri-Cities Regional - 26 miles	Direct access to I-26
Greene	68,831	40.9	75.4%	12.8%	30,160	3,680	11.1%	\$33,294	Knoxville - 71 miles	Tri-Cities Regional - 42 miles	Direct access to I-81
Hancock	6,819	40.7	61.8%	7.3%	2,620	350	11.9%	\$21,835	Knoxville - 69 miles	Tri-Cities Regional - 68 miles	37 miles to access I-81
Hawkins	56,833	41.0	76.1%	12.2%	27,410	2,340	7.7%	\$35,650	Knoxville - 65 miles	Tri-Cities Regional - 33 miles	Direct access to I-81, just across county line
Johnson	18,244	42.5	69.1%	10.4%	7,520	960	11.4%	\$34,067	Knoxville - 149 miles	Tri-Cities Regional - 60 miles	25 miles to access I-81
Sullivan	156,823	42.2	81.8%	19.6%	76,640	6,290	7.4%	\$42,734	Knoxville - 105 miles	Tri-Cities Regional - 5 miles	Direct access to I-26 and I- 81
Unicoi	18,313	44.0	73.5%	11.9%	8,440	800	8.6%	\$38,895	Knoxville - 101 miles	Tri-Cities Regional - 32 miles	Direct access to I-26
Washington	122,979	38.6	84.1%	26.9%	63,650	5,230	7.4%	\$34,064	Knoxville - 94 miles	Tri-Cities Regional - 18 miles	Direct access to I-26 and I- 81

Source: U.S. Census Bureau, US Bureau of Labor Statistics, Tennessee Department of Labor and Workforce Development

Recruitment

REGIONAL STRATEGIES

The recruitment strategy for Northeast Tennessee will be driven by a partnership between ECD, the Northeast Tennessee Valley Regional Industrial Development Association (NETVRIDA), TVA and local economic development professionals. This group has already begun inventorying the region's collective assets (e.g., buildings/sites, infrastructure and workforce) and identifying several target sectors including: automotive, renewable energy, rubber and plastics, chemical, data centers and information technology, medical-related manufacturing, distribution and logistics, and aviation.

Northeast Tennessee's local economic development stakeholders have historically developed and implemented the region's marketing initiatives and will continue to do so moving forward. This partnership has enabled the local economic developers in the region to market not only the region as a single geographic trade area, but also provided opportunity to market specific buildings and/or sites within the region to prospects and site selection consultants.

Northeast Tennessee's marketing plan will include regional marketing pieces, print advertisement in selected targeted industry trade magazines, publication of a regional magazine (*Business Images of the Northeast Tennessee Valley*), site selection consultant and company visits, international recruitment, regional website upgrades, building and site database administration, the development of a database of "ready" sites, participation at tradeshow, and a data center initiative.

ECD's project management team in Nashville, along with the Northeast economic development organizations in the eight county region, are currently working to identify potential sites for economic development. In addition, local economic development organizations in the region are identifying infrastructure projects related to these sites as well as funding sources to complete projects necessary for making these sites marketable. ECD and the First Tennessee Development District are partners in this endeavor. In addition, fiber connectivity is an infrastructure component that is vital to recruitment efforts. Local economic development organizations have partnered with the Northeast Tennessee Technology Council and area broadband providers to survey the broadband capabilities in the region.

TVA has recently established a "Pre-Qualified" Data Center Program. ECD and its partners are currently marketing the sites

in the region that have met this "pre-qualified" status. Some of the marketing initiatives include the design of full-scale brochures outlining the "pre-qualified" sites and other regional assets. The brochure will be part of a mail campaign to existing data centers across the U.S. as well as to site selection consultants specializing in locating data centers.

As part of the region's focus on the automotive sector, regional economic development professionals plan to attend an automotive aftermarket trade show as well as a performance show. Regional representatives will partner with existing industry in the region to coordinate company visits during these shows. Brochures and other informational material will also be distributed at the shows.

Site selection consultant visits are also a key component to the regional marketing plan. Through ECD and its partners, relationships with consultants in the Dallas and Atlanta markets have been established over the course of several years. Regional representatives meet one-on-one with major consultants and tell the story of the Northeast Tennessee region.

Existing Business Outreach

Economic development organizations throughout Northeast Tennessee have several different approaches to reaching out to existing businesses. The first is a business visitation program. All economic development agencies within the region are currently meeting with various businesses throughout Northeast Tennessee. These visitation programs provide an opportunity for local businesses and industries to provide feedback to economic development officials. These visits also provide an opportunity for business leaders to provide feedback to economic development professionals on possible ways that the various local economic development organizations could assist the company as it seeks to grow its operations.

The second approach to existing business outreach is the development and maintenance of a regional industrial directory. The First Tennessee Development District is currently developing this directory. The directory will provide contact information, SIC code, NAICS code, number of employees and a description of what services each company in the region provides. Local economic development officials are a key point of contact for the First Tennessee Development District as it creates this directory.

These local officials have detailed knowledge of the industries in their respective communities and the ability to update information for each of their respective companies. This directory will be accessible through stakeholder websites and will be completed by Spring 2012.

The third approach to reaching out to existing business is developing and distributing a "Business and Industry Support" brochure. This marketing tool will provide businesses in the region with a snapshot of the services that are available and who to contact regarding each of those services. Since all economic development partners will provide information for this brochure, it will serve as a starting point for gathering information regarding services in the region. The Northeast Tennessee Valley Regional Industrial Development Association staff, NETWORKS/Sullivan County Partnership staff, and ECD regional staff will be charged with compiling, designing and producing this brochure. This material will be utilized during industry visits, trade shows, public speaking engagements and site visits to provide information about the services that can be offered in the region.

Innovation

ECD's regional staff will work closely with the ECD-funded regional accelerator, Startup Tennessee, the ETSU Innovation Lab and the Holston Business Development Center as well as local economic development partners and other stakeholders to leverage the innovation assets across the region. ECD's regional staff will focus on aligning the various partners for a coordinated effort and also assist in enhancing commercialization opportunities that help move new products from an idea stage to the marketplace.

ECD's regional staff, along with ETSU and local innovation professionals, will work together to identify a group of business leaders, retirees and others in the region to develop a coordinated network of angel investors and mentors to support emerging entrepreneurs in the region. ECD's regional staff will also keep the accelerators and incubators apprised of other funding opportunities and/or entrepreneurial networking opportunities that share best practices including leveraging research, engineering, and technology resources from regional companies such as Eastman Chemical Company, Nuclear Fuel Services, and Nakatetsu Machining Technologies.

Workforce Development

Northeast Tennessee's strategy for workforce development is to enhance its existing workforce development and education committees. There are already many regional workforce development committees in place including regional and local P-16 councils, local workforce investment boards and workforce development committees at many institutions of higher education. The task of all these committees is to evaluate current workforce training programs to see if there are ways to improve them and better align them with the needs of employers.

It is imperative that these committees have readily available information about what kinds of skills and workers employers want and need, both today and in the future. One of the biggest challenges these workforce development committees face is deciphering the exact needs of employers. By leveraging the expertise of the private sector and economic developers who are constantly meeting with businesses (including ECD's regional field staff), these workforce development committees will be able to better train workers to meet the needs of existing employers.

In addition to enhancing these regional workforce development committees, partners in the region will come together to sponsor an annual summit on workforce development to evaluate the availability, educational and skill needs of the region's labor force. Outcomes of these annual summits will include strategies to address current and future skill shortages, solutions to fill high demand occupations, and ideas to improve employee productivity.

ACTION ITEMS

Action Item #1: Partner with the Tennessee Valley Authority, First Tennessee Development District and the Northeast Tennessee Valley Regional Industrial Development Association to develop a marketing plan for the region by April 2012.

This plan will be developed in partnership with ECD, TVA, NETVRIDA, local economic development professionals and the local power distributors through a series of meetings during early 2012. These meetings will also assist in identifying marketing opportunities that will compliment the region's targeted industries. The components of this marketing plan will most likely include: site selection consultant visits and company visits in key market cities, a regional presence at several trade shows/conferences, design and implementation of an industry specific marketing initiative (i.e., data centers), advertising in key publications, and the sponsorship of a regional magazine publication. The power distributors in the region have historically provided funding for the implementation of the regional marketing plan.

Action Item #2: Partner with local economic development organizations to meet with the Top 100 employers in the region by April 2012.

ECD's regional staff will partner with local economic development organizations and local power distributors to meet with the Top 100 employers in the region by April 2012. These meetings will be focused on seeing how the region's various economic development partners can help these companies expand and increase their competitiveness. These meetings will include sessions with the top five employers in each county.

Action Item #3: In partnership with the ECD-funded regional accelerator and Startup Tennessee, ECD staff and local innovation professionals will develop a network of angel investors and mentors to support emerging entrepreneurs in the region by April 2012.

ECD's regional staff will work with local economic development organizations in the region to identify potential angel investors and mentors. This process will begin by partnering with local economic development organizations and chambers of commerce to develop a "call list" of individuals or foundations that may be

interested in participating in an angel network or serving as mentors to entrepreneurs. After the initial list has been developed, a team will be formed to visit the potential investors and/or mentors. A memo will be developed outlining the benefits of being an angel investor or a mentor. The regional partners will be able to use this memo when calling on potential investors and/or mentors. Both this angel investor network and this mentor network will be formally launched by April 2012.

Action Item #4: ECD's regional staff will attend and participate in eight local workforce development and education committee meetings by December 2012.

ECD's regional staff will attend and participate in eight local workforce development and education committee meetings by December 2012 to help strengthen partnerships between existing businesses and existing workforce development programs. These meetings will be structured to identify gaps between employers' needs and current training programs. One of the most challenging tasks for these regional workforce committees is networking with existing businesses to determine the skills employees need. With knowledge gleaned from existing industry visits, ECD staff will be able to provide information regarding workforce needs throughout the region.

NORTHEAST TENNESSEE REGIONAL PARTNERS

- Appalachian Regional Commission
- Alliance for Business and Training
- Carter County Tomorrow
- Connected Tennessee
- East Tennessee State University
- First Tennessee Development District
- Greene County Partnership
- Local Chambers of Commerce
- Local Utility Districts
- NETWORKS/Sullivan Partnership
- Northeast State Community College
- Northeast Tennessee Valley Regional Industrial Development Authority
- Startup Tennessee
- Tennessee Career Centers
- Tennessee Department of Agriculture
- Tennessee Department of Economic and Community Development
- Tennessee Department of Environment and Conservation
- Tennessee Department of Labor and Workforce Development
- Tennessee Department of Tourist Development
- Tennessee Department of Transportation
- Tennessee Small Business Development Centers
- Tennessee Technology Centers
- Tennessee Valley Authority
- Tri Cities Regional Airport
- University of Tennessee Center of Industrial Services
- University of Tennessee Extension Office
- University of Tennessee Institute for Public Service
- University of Tennessee Municipal Technical Advisory Service
- University of Tennessee County Technical Assistance Service
- U.S. Department of Agriculture Rural Development
- U.S. Economic Development Administration
- U.S. Small Business Administration
- Washington County Economic Development Council

